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C O N F I D E N T I A L SECTION 01 OF 02 SHANGHAI 000532

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SUBJECT: SHANGHAI TAIWAN SCHOLARS WARN NEXT TWELVE MONTHS CRITICAL,  
CHEN SHUI-BIAN DANGEROUS AND MANIPULATIVE

CLASSIFIED BY: Simon Schuchat, Deputy Principal Officer,  
American Consulate General, Shanghai, China, Department of  
State.

REASON: 1.4 (b), (d)

¶1. (C) Summary. Shanghai Institute for Taiwan Studies researchers expressed strong concerns about political developments in Taiwan through May 2008 and about potential United States actions or reactions in response to Taiwan President Chen Shui-bian's plans for a Taiwan referendum on United Nations membership. They forecast a strong likelihood that KMT candidate Ma Ying-jeou will be elected next spring. Should DPP candidates Frank Hsieh and Su Tseng-chang prevail in the election, both face constraints from their party on the extent they could seek rapprochement with Beijing, if so inclined. No Taiwan electoral victor next year could make any moves towards unification, even if re-elected and eventually serving eight years. Although China has not abandoned the long-term goal of unification, China's Taiwan policy emphasis now is on "peaceful development." Chen Shui-bian was repeatedly criticized as intent on seeking Taiwan independence, intent on stirring up domestic pressures for Taiwan independence and UN membership, and along with the DPP as very skilled in manipulating elections. The UN referendum in Taiwan also poses important challenges for domestic politics within the mainland. The researchers spoke disapprovingly of the quality of the Taiwan electorate, especially voters in central and southern Taiwan. End summary.

¶2. (C) Shanghai DPO and POL/ECON Chief met on August 21 with Shanghai Institute for Taiwan Studies (SITS) Professor and Director Yan Anlin and SITS Cross-Strait Relations Office Director Zhang Qianhong. Yan has visited Taiwan nine times, first in 1995 and most recently in 2005. Zhang has visited Taiwan three times, most recently in 2005. Both plan at least one more trip to Taiwan before the March 2008 presidential election. They said that central Chinese leaders are clear about the highest priority of the Taiwan issue for China and generally well-informed about developments across the Taiwan Strait.

CSB Intent on Independence and Dangerous

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13. (C) Chinese officials and scholars of Taiwan issues are very concerned about Chen Shui-bian's plans for a referendum on United Nations membership and his ultimate goal of Taiwan independence. Chen and the Democratic Progressive Party, however fractious at times, are skilled in inciting supporters and manipulating electoral results. The period from now through the next administration taking office in Taipei will be difficult, not only for China vis-a-vis Taiwan but also for the United States vis-a-vis Taiwan and vis-a-vis China. Yan and Zhang highlighted concerns that United States statements about conducting referenda in Taiwan, whether on United Nations membership or other issues, could inflame further passions in Taiwan and complicate relations with China (as well as with Taiwan). In the run-up to the March election, Chen will surely use the UN referendum, outside pressures and any other measures he can to try to persuade the Taiwan electorate to support independence and support the DPP.

#### China Intent on Peaceful Development

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14. (C) Yan described China's response to Chen Shui-bian's provocations as measured and responsible. While clear that independence and outright steps towards independence cannot be tolerated, Chinese leaders are focusing interactions with Taiwan under the new slogan of "peaceful development" rather than the earlier "re-unification with the motherland." Unification has not been dropped as a long-term goal, but China recognizes that whoever is elected in spring 2008 will not have a mandate to overtly work towards unification. However, long-term economic trends are in the mainland's favor and should over time bring Taiwan and China closer together in ways beyond economics and trade. The KMT's Ma Ying-jeou is presently seen as the likely election victor, but even if re-elected in 2012 would still not have the latitude to work towards unification -- if that were

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his goal. Both sides should work on other steps that are mutually beneficial, such as establishment of the three links (shipping, air routes and postal links). Chen Shui-bian has at times said his administration could consider positive steps on the three links, but China has not seen fulfillment of those statements. Yan and Zhang also said Chen had at least twice stated in 2004 that his goal is Taiwan's independence, statements that are clearly remembered with gravest concern in the mainland.

#### DPP Candidates Face Constraints

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15. (C) Yan and Zhang believed that if the DPP Presidential candidate Frank Hsieh and Vice-Presidential candidate Su Tseng-Chang win the election, their flexibility in dealing with

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the mainland will be sharply constrained by their need for party support. Contrasting Taiwan with the United States, Yan argued that the institutional biases of a party organization were a decisive influence on individual politicians' positions. Hsieh must placate the "deep green" of the DPP, those most in favor of independence. Yan and Zhang characterized Hsieh's selection of Su Tseng-chang as his running mate as a sign of Chen Shui-bian's influence now and possibly even after formally leaving office. They did not believe that Su added much to the DPP ticket, other than signifying Hsieh's willingness to accommodate Chen.

#### UN Referendum a Challenge for Hu Jintao, Too

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16. (C) Conducting a referendum on UN membership in Taiwan would have important political repercussions in the mainland, these scholars asserted. Whatever the vote tally in the referendum, Taiwan will not be able to join the UN. However, Communist Party Secretary General and Chinese President Hu

Jintao cannot afford to be seen as detached and unconcerned about a direct threat to the sovereignty and territorial integrity of the People's Republic of China. Yan, characterizing himself as a moderate, reiterated that Chinese leaders could not and would not ignore such a provocation. They had to make some sort of response, although Yan did acknowledge that past PRC responses to Taiwan political developments had rarely achieved their desired goals.

Taiwan Electorate Not the Equal of Other Democracies'

17. (C) While admitting that Taiwan voters and politicians enjoy a rambunctious style of democracy with voter participation rates often exceeding those seen in democracies such as Japan, Western European nations and the United States, Yan said the quality of Taiwan voters was no match for that of voters in those more mature Western democracies. In fact, he took the higher turnout as a sign of the political immaturity of Taiwan's electorate. Western voters are more able than Taiwan voters to focus on important policy and other substantive issues, while Taiwan voters are easily swayed by rash and unrealistic statements by candidates, some of which are never intended to be acted upon and others of which - such as moving towards independence - are anathema to the mainland. Based on his travels to most parts of Taiwan, Yan claimed that voters in central and southern Taiwan are notably lower in quality than voters in the Taipei area.

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